DEPARTMENT OF EASURY





MARK A. MURRAY, STATE TREASURER

Treasury Building

P.O. Box 15128, Lansing, MI 48901

Phone: (517) 373-3223, TDD: (517) 373-9419

The Office of State Treasurer is provided for by article V, section 3, of the Michigan Constitution of 1963. The state treasurer is appointed by the governor, with the advice and consent of the senate, and serves at the governor's pleasure.

The department was established by the Executive Organization Act of 1965 which merged the operations of the following 6 agencies: State Treasurer, Department of Revenue, Municipal Finance Commission, Board of Tax Appeals, State Tax Commission, and Auditor General (except the state audit function). In addition, the Board of Equalization and Board of Escheats were abolished and their functions were absorbed by the new department.

Effective July 1, 1984, the Municipal Finance Commission was abolished. All its powers and duties now reside with the state treasurer.

Effective in August 1991, the Michigan Tax Tribunal was transferred to the Department of Commerce pursuant to Executive Order No. 1991-18.

Effective in May 1992, the Michigan Higher Education Facilities Commission and Michigan Higher Education Facilities Authority were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1992-2.

Effective April 8, 1995, the Michigan Higher Education Assistance Authority and Michigan Higher Education Student Loan Authority were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1995-3.

Effective July 29, 1996, the administration and investment of the Deferred Compensation Plans were transferred from the Department of Civil Service to the Department of Treasury pursuant to Executive Order No. 1996-5.

The state treasurer acts as principal advisor to the governor on tax and fiscal policy issues. The state treasurer is the chairperson of the Michigan Education Trust and the Michigan Municipal Bond Authority. The state treasurer serves as sole investment fiduciary of the judges, public school employees, state employees, and state police retirement systems. The state treasurer serves as treasurer of the Mackinac Bridge Authority, and 5 retirement systems. The state treasurer is also a member of the following boards and commissions: Local Emergency Financial Assistance Loan Board, Michigan Economic Growth Authority, Michigan Enterprise Zone Authority, Michigan Forest Finance Authority, Michigan Higher Education Assistance Authority, Michigan Higher Education Student Loan Authority, Michigan Jobs Commission, Michigan State Hospital Finance Authority, Michigan State Housing Development Authority, Michigan Strategic Fund, Michigan Underground Storage Tank Financial Assurance Authority, Renaissance Zone Review Board, State Administrative Board, Michigan Judges Retirement Board, Michigan State Employees Retirement Board, and Michigan State Police Retirement Board.

The operational responsibilities of the department are handled by the Executive Office, the Chief Deputy Treasurer, the Deputy Treasurer for Financial and Administrative Services, the Deputy Treasurer for Tax Administration and Oversight, and the Director of the Bureau of Investments.

Executive Office

The Executive Office of the Department of Treasury consists of the State Treasurer, the Chief Deputy Treasurer, the Deputy Treasurer for Financial and Administrative Services, the Deputy Treasurer for Tax Administration and Oversight, and the Director of the Bureau of Investments.

Chief Deputy Treasurer / Executive Office

The Chief Deputy Treasurer oversees the Bureau of Finance and Fiscal Policy, the Office of Communications, the Office of Legal and Legislative Affairs, and the Michigan Municipal Bond Authority.

The *Bureau of Finance and Fiscal Policy* is responsible for cash and debt management, the School Bond Loan Fund, and the Office of Revenue and Tax Analysis.

The *Office of Revenue and Tax Analysis* prepares the official economic and revenue forecasts for the administration, the revenue portion of the Governor's Executive Budget, analyses of Michigan taxes, tax characteristics, and tax proposals through which administration tax policy is formulated, and administers the \$1.4 billion local government revenue sharing program.

The *Office of Communications* is responsible for media relations and press releases, executive correspondence, and coordination of all internal and external communications. *Publications and Forms* designs, writes, and edits 30 departmental publications, and analyzes, designs, and writes specifications for 2,500 treasury forms. *Information Services* maintains, processes, and publishes 3,000 policy, organizational, and procedural documents, and coordinates and processes various reports, manuals, lists, directories, and information center materials.

The Office of Legal and Legislative Affairs coordinates the Department of Treasury's legislative activities. The director serves as the legislative liaison, testifying before House and Senate committees on legislation affecting taxes administered by the department. This office also processes requests for information under the Freedom of Information Act and monitors the legal activity facing the department.

MICHIGAN MUNICIPAL BOND AUTHORITY BOARD OF TRUSTEES

Chairperson

MARK A. MURRAY, State Treasurer

Serve at the Pleasure of the Governor Public Officials or Employees With Expertise in State's Infrastructure Needs

ROBERT L. FILKA, Michigan's Renaissance Fund KATHLEEN M. WILBUR, Department of Consumer and Industry Services

Public	: Members	Term expires
MARK J. BURZYCH, Lansing		March 31, 2001
LYNN A. PORRITT-McConnell, Grayli	ing	March 31, 2000
VACANCY		March 31, 2000
Nominated by the Senate Majority Leader		
$\label{eq:conditional} \mbox{John H. Voss, Grandville} \ \dots \ \dots \ .$		March 31, 1999
Nominated by Speaker of the House of Representatives		
VACANCY		March 31, 1999

The **Michigan Municipal Bond Authority** was created by Act 227 of 1985 to provide an alternative source of financing infrastructure projects and low-cost access to the public finance market to local units of government and school districts. The authority has all the powers necessary to accomplish this purpose, including the power to borrow money and issue bonds and notes.

The authority is governed by an 8-member board of trustees, appointed by the governor. The board consists of the state treasurer and 2 public officials or employees, serving at the pleasure of the governor, who have expertise in the state's infrastructure needs. Of the 5 members serving 3-year terms, one is nominated by the senate majority leader and one is nominated by the speaker of the house of representatives.

Investments

The state treasurer is the investment fiduciary and custodian for 4 state retirement funds with assets of over \$47 billion and 529,000 members, retirees and beneficiaries. The state treasurer is also responsible for investing state operating and various other state funds with assets of over \$5 billion.

The **Bureau of Investments** performs all investment functions on behalf of the state treasurer. The bureau is organized by major investment disciplines, as follows: Alternative Investments Division, Fixed Income Analysis Division, Mortgage and Real Estate Division, Quantitative Analysis Division, and Stock Analysis Division. The Trust Accounting Division accounts for and settles the investment transactions and maintains custody of the investments.

Investment of the 4 retirement funds is overseen by the Investment Advisory Committee.

INVESTMENT ADVISORY COMMITTEE

Serves at the Pleasure of the Governor

SAMUEL VALENTI, III. Bloomfield Hills

Public Members	Term expires
JERRY L. TUBERGEN, Ada	Dec. 15, 1999
FARRIS W. WOMACK, Ann Arbor	. Dec. 15, 1998

ex officio

KATHLEEN M. WILBUR, Director, Department of Consumer and Industry Services JANET E. PHIPPS, Director, Department of Management and Budget

The **Investment Advisory Committee** was created by Act 232 of 1969 to review the investments, goals, and objectives of each of the retirement funds. The committee may, by a majority vote, direct the state treasurer to dispose of any holdings it judges not suitable for the fund involved and may, by unanimous vote, direct the state treasurer to make specific investments. The committee meets on a quarterly basis.

The 3 public members of the 5-member committee are appointed by the governor, with the advice and consent of the senate, for 3-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed. The other 2 members serve by virtue of their positions in state government.

Financial and Administrative Services **Bureau of Administrative Services**

The Budget and Accounting Division is responsible for all phases of the budget process in Treasury. The division develops Treasury's budget request, monitors the budget during the year, and prepares reports. The division does the accounting for appropriation expenditures and pays Treasury's bills, records accounting transactions in the MAIN system, and performs the year-end book closing.

The Mail Operations Division processes 28 million pieces of incoming and outgoing mail annually.

The Human Resources Division provides payroll, recruiting, training, employee relations, and labor relations services for approximately 1,400 Department of Treasury employees.

The Information Technology Services Division provides data processing and information systems services in support of the business goals and objectives of all units in the department. These services include application development, local area network support, production scheduling, and data entry services.

Bureau of Controller Operations

The Collection Division is the centralized collection agency for all overdue assessed taxes administered by the Department of Treasury, including jeopardy assessments, and all debts owed to state departments, agencies, commissions, and institutions.

The Financial Operations Division processes all outgoing EFT payments, and prints and signs all warrants (checks) to pay state obligations. Annually, the division processes more than 17

million warrants and 2 million EFT payments to recipients of vendor payments, lottery payments, employee and retiree payroll, public assistance, revenue sharing, tax refunds, property tax credit rebates, and energy assistance. The division processes stop-payment requests, forged endorsement claims, and court and governmental claims against the payments.

The *Receipts Processing Division* receives, deposits, and records funds placed in the state common cash pool by state agencies. The division records and controls the reconciliation of the department's revenue accounts, records disbursements to state funds, and handles electronic funds transfer (direct deposit) transactions. Receipts totaling \$42.6 billion were processed by the division during fiscal year 1997.

The *Main Support Services and Reconciliation Division* reconciles bank statement activity with statewide book cash. The division also coordinates Treasury's central control agency relations with Department of Management and Budget's Michigan Administrative Information Network (MAIN).

Office of Internal Audit

The *Office of Internal Audit* provides various accounting and auditing services to the department. Services provided include preparing the annual accrual of taxes receivable and payable which is needed to close the State's accounting records, controlling access to the mainframe computer system, acting as liaison with the Office of Auditor General, conducting special audits for upper management, reviewing all written procedures to detect potential internal control weaknesses, and responding to financial confirmations sent in by certified public accounting firms.

Authorities and Trusts

MICHIGAN EDUCATION TRUST BOARD OF DIRECTORS

MARK A. MURRAY, State Treasurer

Serve at the Pleasure of the Governor

President

RICHARD GABRYS. Bloomfield Hills

Vice President

DAWN PHILLIPS HERTZ, Birmingham

Four-Year Public	
Colleges and Universities	Term expires
Dr. William A. Sederburg, Big Rapids	Dec. 31, 2000
Community and Junior Colleges	
Marilynn Liddell, Constantine	Dec. 31, 2000
Private Colleges and Universities	
THOMAS P. SULLIVAN, Ypsilanti	Dec. 31, 2002
General Public	
Taylor C. Segue III, Detroit	Dec. 31, 2001
Nominated by Senate Majority Leader	
MICHAEL J. CRANDALL, Kalamazoo	Dec. 31, 2002
Nominated by Speaker of the House of Representatives	
Mary E. Agar, Portage	Dec. 31, 2002

The **Michigan Education Trust** was created by Act 316 of 1986 to provide a method for families to prepurchase their children's future Michigan college tuition costs. The trust offers contracts to purchasers, collects and invests the funds, and pays out tuition to colleges and universities when enrollees attend college.

The trust is governed by a board of directors, composed of the state treasurer and 8 members appointed by the governor, with the advice and consent of the senate. Of the 8 members appointed by the governor, 2 serve at the pleasure of the governor, and the other 6 members serve 3-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed.

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY AND MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY

Private Occupational Schools	Term expires
HOWARD WEAVER, Bloomfield Hills	. May 22, 1997
Wayne State University	
KAYE M. WALLACE, Detroit	. May 22, 1993
Community Colleges	
EARL L. HOWSER, Jackson	. May 22, 1999 . May 22, 1997
University of Michigan	
RICHARD L. KENNEDY, Ann Arbor	. May 22, 1998
State-Supported Four-Year Universities	
Eugene J. Hamilton, Saginaw	
Secondary Schools	
Kenneth R. Federspiel, Wheeler	. May 22, 1999
Private Colleges	
ROBERT W. BLACKSTOCK, Hillsdale	. May 22, 2000 . May 22, 1995
Eligible Lending Institutions	
MICHAEL J. TAYLOR, Grand Blanc	. May 22, 2000
Michigan State University	
Fred R. Whims, Okemos.	. May 22, 2000
General Public	
SUSAN P. FORD, Troy	. May 22, 1997
THOMAS C. SHEARER, Grand Rapids	. May 22, 1998
VACANCY	. May 22, 1996

ex officio

MARK A. MURRAY, State Treasurer

The Michigan Higher Education Assistance Authority was created by Act 77 of 1960 and was transferred to the State Board of Education by Act 380 of 1965 to assist in establishing policy for the many financial assistance programs offered by the Department of Education. It establishes policy for the Federal Family Educational Loan Program, the Michigan Competitive Scholarship Program, the Michigan Tuition Grant Program, the Michigan Work-Study Programs, the Michigan Educational Opportunity Grant Program, the Adult Part-Time Grant Program, and the MI-CASHE Program. In addition, the Authority has administrative responsibility for the Degree Reimbursement Program, the Federal Paul Douglas Teacher Scholarship Program, the Federal Robert C. Byrd Honors Scholarship Program, and repayment provisions of the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks Future Faculty Program. The 15 members of the authority are appointed by the governor, with the advice and consent of the senate, to serve 4-year terms.

The Michigan Higher Education Student Loan Authority was established by Act 222 of 1975. Even though the Student Loan Authority membership is identical to the Assistance Authority membership, the 2 authorities are separate entities with different responsibilities and functions. The Student Loan Authority has policy control over 3 programs: the Michigan Direct Student Loan Program, the State Secondary Market, and the Michigan Alternative Student Loan Program (MI-LOAN Program). Program operations for all 3 programs are funded through the issuance of tax-exempt and taxable bond financings. Administrative functions are funded through the Federal Lenders Allowance authorized by the Federal Higher Education Act of 1965, as amended. All of the programs are self-supporting and receive no state appropriations.

Effective April 8, 1995, both the Michigan Higher Education Assistance Authority and the Michigan Higher Education Student Loan Authority were transferred from the Michigan Department of Education to the Michigan Department of Treasury, pursuant to Executive Order No. 1995-3.

MICHIGAN HIGHER EDUCATION FACILITIES COMMISSION MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

Public At-Large	Term expires	
MARCIA S. BEUTNER, Grand Rapids	. May 22, 2000	
WILLIAM J. COCHRAN, East Lansing	. May 22, 2000	
NICHOLAS J. DEGRAZIA, Detroit		
SHARON E. EINEMAN, Harrison Township		
CAROL A. STOCKMAN, St. Joseph	. May 22, 1998	
Ana van de Velde, Ann Arbor	. May 22, 1999	
Public Community and Junior Colleges		
Dr. Donald Newport, Alpena	. May 22, 1998	
Private Colleges and Universities		
David E. Fry, Midland	. May 22, 1999	
Public Colleges and Universities		
Vernon Payne, Kalamazoo	. May 22, 2000	
ex officio		

ex officio

ARTHUR E. ELLIS, Superintendent of Public Instruction JANET E. PHIPPS, Director, Department of Management and Budget

The Michigan Higher Education Facilities Commission was established by Act 233 of 1964. The commission provides advice on the preparation and administration of the state plan for participation in the federal grant program, under the provisions of Title I of the Higher Education Facilities Act of 1963, Public Law 88-204, for the construction of undergraduate academic facilities at public community colleges, public technical institutions, and other private and public degreegranting institutions. Currently the federal government is not funding the program.

The Michigan Higher Education Facilities Authority was created by Act 295 of 1969 to provide loans, through the issuance of tax-exempt bonds, to private nonprofit institutions of higher education within the state to finance educational facilities, including furnishings and equipment, and to refinance outstanding debt incurred for such purposes. The authority membership is identical to the Facilities Commission membership. The Facilities Authority was transferred from the Department of Education to the Department of Treasury in 1992 pursuant to Executive Order No. 1992-2.

The 9 members of the commission and authority are appointed by the governor, with the advice and consent of the senate, for 4-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed.

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

Public Members	Term expires
JAMES T. CRESSWELL, Harrison Township	March 1, 2001
SUSAN WORK MARTIN, Grand Rapids	March 1, 2003
EDWARD B. McRee, Eaton Rapids	March 1, 2001
KATHLEEN M. SCHMALTZ, Jackson	March 1, 2002
WILLIAM E. SMITH, Evart	March 1, 2002

ex officio

MARK A. MURRAY, State Treasurer JAMES K. HAVEMAN, JR., Director, Department of Community Health

The State Hospital Finance Authority was created by Act 38 of 1969 to assist nonprofit, nonpublic hospitals and other health care providers within the state to finance and refinance health care and other related facilities and equipment through the issuance of tax-exempt bonds. The authority has all the powers necessary to accomplish this purpose, including the power to make loans to hospitals, nursing homes and homes for the aged.

The 5 public members of the authority are appointed by the governor, with the advice and consent of the senate, for 4-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed. The other 2 members serve by virtue of their positions in state government.

Retirement Programs, through a contract with a private third-party administrator, is responsible for the administration and investment of the state's Deferred Compensation Plans and Defined Contribution Plan.

The Unclaimed Property Division's function is to assume custody, on behalf of the state, of unclaimed and abandoned property, to preserve the property in trust for the owners or their heirs, and to return it to the rightful owners or their heirs upon presentation of proof of ownership. Public Act 29 of 1995, as amended, dictates the provisions under which the division operates. In Fiscal Year 1997-1998, the division returned over \$10 million to the rightful owners.

Tax Administration and Oversight **Bureau of Local Government Services**

The Assessor Certification Division provides the staff function for the State Assessors Board which provides training, examinations, certification, and annual updating for assessing personnel. It also receives and acts on revocation petitions filed against certified assessment administrators. There are 2,850 persons who hold certificates in assessment administration, serving 83 counties, 1,242 townships, and 273 cities.

STATE ASSESSORS BOARD

Serve at the Pleasure of the Governor

HENRY O. ALLEN. Flint MARK A. HILPERT. Novi JOAN Y. BLANCHARD. Charlevoix THOMAS COLOMBO, Roseville JOSEPH L. RICHARDS, Howell

The State Assessors Board was created by Act 203 of 1969. The board consists of 5 members appointed by the governor, with the advice and consent of the senate. The members serve at the pleasure of the governor.

The responsibilities of the board are to review and approve assessment courses taught in schools, colleges, universities, and state and local government units, and to administer examinations to assessing officers to ensure competence.

The City Income Tax Section, when there is an agreement between a city and the state, is responsible for the administration, enforcement, and collection of the city income tax on behalf of the city. In 1997 the state entered into its first agreement with the city of Albion.

The Local Audit and Finance Division provides officials of the state's approximately 2,200 local units of government with training and procedures to encourage sound fiscal management; conducts legal compliance audits of counties; reviews, in detail, CPA audits of cities, villages, and townships; monitors and approves deficit elimination plans of all local units; prepares audit guides for use by CPA firms; conducts financial audits requested by municipalities and counties; selects and monitors performing audits of all pari-mutuel tracks; and reviews applications for the issuance of debt to ensure that the credit ratings of the local units of government and the state are protected. In 1998, over 1,020 applications in the amount of \$11.98 billion in short- and long-term debt were approved.

The Local Property Services Division administers the annual sale of tax liens on real property on which property taxes are delinquent. Each year, approximately 160,000 parcels become delinquent for nonpayment of property taxes. Of those that are not redeemed within a certain period of time, approximately 60,000 delinquent tax liens are offered at the May tax sale. Approximately 10,000 are not redeemed and are deeded to the state. The division's *Homestead Affidavit Section* administers the state's homestead exemption program which provides for the exemption of homesteads from the tax levied by local school districts for school operating purposes according to the provisions of Public Act 237 of 1994, as amended.

The *Property Tax Division* provides the staff function for the State Tax Commission which generally supervises local assessing officers and provides support in the determination of the state equalized valuations for each class of property for each county. There are 1,526 assessing units in 83 counties which generated in 1997, through property tax levies, \$8 billion for use by schools, municipalities, and counties. The division assessed 984,000 acres of purchased land owned by the Department of Natural Resources in 1998. The division also assesses public utilities, as specified in law; these assessments yielded approximately \$156.6 million to the state treasury in 1998.

STATE TAX COMMISSION

Chairperson

MARK A. HILPERT, Novi

	Term expires
LESLEY F. HOLT, Grand Rapids	Sept. 13, 2003
ROBERT R. LUPI, Whitmore Lake	Sept. 13, 2001

The State Tax Commission was created by Act 360 of 1927. The 3 members of the commission are appointed by the governor, with the advice and consent of the senate, for 6-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed. Commission members must have at least 5 years of experience in government or the private sector dealing with state or local tax matters. The commission establishes the state equalized value for each class of property for each county total; prepares assessment rolls for state assessed public utilities; approves applications for exemptions for air and water pollution control facilities and neighborhood enterprise zones and for industrial property abatements; adds omitted property to local assessment rolls and corrects erroneous personal property statements under MCL 211.154; certifies valuation and assessment of lands purchased by the Department of Natural Resources; assumes superintending control over uncertified local assessment rolls; and provides general supervision of all assessing officers. It also supervises the local implementation of the assessment cap instituted by passage of Proposal A on March 15, 1994.

Bureau of Revenue

The revenue commissioner and the staff of the *Bureau of Revenue* are responsible for administering, collecting, refunding, auditing, and enforcing the major tax laws, including those governing the income, sales, use, single business, motor fuel, tobacco, intangibles, inheritance, estate, airport parking, convention facilities, severance, state education, and real estate transfer taxes. Tax and fee collections for fiscal year 1998 totaled \$21,754,189,795 less refunds of \$1,080,840,152, for a net total of \$20,673,349,643.

BUREAU OF STATE LOTTERY

The *Bureau of State Lottery* was created by Act 239 of 1972. The lottery commissioner is appointed by, and holds office at the pleasure of, the governor.

The act provides that the commissioner shall initiate, establish, and operate a state lottery, maximizing net revenues consistent with the general welfare of the people. The commissioner further prescribes rules, regulations, and conditions as provided for by law, under which the state

lottery is operated. Revenue from the operation of the state lottery, less operating costs, goes to the State School Aid Fund.

Act 382 of 1972 assigned the responsibility for licensing and regulation of organizations operating bingo games, millionaire parties, raffles, and selling charity game tickets, in accordance with the law, to the Bureau of State Lottery.

The bureau was transferred from the Department of Management and Budget as an autonomous entity to the Department of Treasury pursuant to Executive Order No. 1991-2.

The Bureau of State Lottery offices are located at 101 E. Hillsdale, P.O. Box 30023, Lansing, Michigan 48909.

GAMING CONTROL BOARD

Public Members	Term expires
Paula Blanchard	Dec. 31, 2003
RICH DAVIS	Dec. 31, 2003
THOMAS DENOMME (Chair)	Dec. 31, 2000
HON. GERALDINE BLEDSOE FORD	Dec. 31, 2000
HON, MICHAEL STACEY	Dec. 31, 2002

On November 5, 1996, Michigan voters approved Proposal E, now known as the Michigan Gaming Control and Revenue Act, to authorize up to 3 licensed casinos in Detroit and create the Michigan Gaming Control Board. The board, an autonomous agency within the Department of Treasury, is responsible for implementing, administering, and enforcing the provisions of the act related to licensing, regulating, and collecting taxes and fees from the authorized casinos.